

**PUBLIC TRANSPORT SACCOs COMPLIANCE WITH LABOUR REGULATIONS IN
KENYA: A CASE OF RONGAI - ROUTE MATATUS**

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DEDICATION

This research paper is dedicated to my daughter Grace and her siblings as proof that with determination, sacrifice, and discipline, God makes it possible. To my nephews and nieces, it's possible!

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I first give glory to the Lord God Almighty for His grace, which has seen me through my education through the years. The many challenges along the way, and in life circles, His hand sustained my sanity. I will forever tell of His goodness and mercies.

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ACRONYMS AND ABBREVIATIONS

SACCO	Savings and Credit Cooperative Society
PSV	Public Service Vehicle
HIV	Human Immunodeficiency Virus
AIDS	Acquired Immunodeficiency Syndrome
ILO	International Labor Office
NTSA	National Transport and Safety Authority
OECD	Organization for Economic Cooperation and Development
UTODA	Uganda Taxi Operators and Drivers
GOK	Government of Kenya
KBS	Kenya Bus Service
PRPT	Public Road Passenger Transport
DARCOBOA	Dar Commuter Bus Owners Association
BRT	Bus Rapid Transit
DART	Dar Rapid Transit
NHIF	National Health Insurance Fund
WHO	World Health Organization
TLB	Transport Licensing Board
NEMA	National Environmental Management Authority
AFDB	African Development Bank
MOA	Matatu Owners Associations
COVID-19	Coronavirus disease of 2019

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ABSTRACT

This study focused on compliance with regulations governing operations in the public transport sector. Using three SACCO's with vehicles that ply the Rongai-Nairobi route, the study sought to (i) assess factors that affect Saccos in enforcing labor regulations, (ii) identify challenges Matatu SACCO face while enforcing labor regulations and, (iii) establish ways that SACCOs can use to enhance labor laws compliance in the matatu sector. The study used a mixed method approach in data collection that included review of literature from different sources, as well as collection of primary data from interviews conducted among forty-one respondents in the three SACCOs under study. Key informant interviews were also conducted with officials among them traffic police and Matatu Owners Association representatives. The study was guided by System theory, and used descriptive research design. Telephone interviews were conducted due to the Covid-19 limitations, and the need to comply with the Ministry of health Covid-19 guidelines. The study established that matatu owners contribute to Sacco's non-compliance to labour laws. The owners who are investors site high business operational costs visa-vie the profit made. Therefore, they cannot sustain the law requirements of a permanent staff. The sector creates informal jobs which limit workers from benefitting from the labour laws provisions in the Employment Act 2007 and the International Labor Laws. The rights provided for includes having employment contracts, provision of social protection in regards to NHIF and NSSF, paid annual leave and maternity leaves. Lack of enforcement has hampered successful implementation subjecting workers to long working hours of up 15 hours in a day. The study also found out that female workers uptake has increased gradually from 2003 to date.

The study recommends the need for enhanced training of workers, sector workers and stakeholders' involvement in decision and policy making on issues affecting the sector and strengthening of government institutions and mechanisms to monitor and constantly evaluate compliance with labour laws. The same can be implemented across the entire public transport sector in Kenya for effective running of the matatu sector. It will also aid in progressive realization of the sector's economic potential, formalization and job creation capacity of the working generation. Further, the study recommends similar studies to be conducted to bring out other factors that may have been overlooked.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Labor relations, also called industrial relations, are the frameworks governing relations between employers and employees to set work place ground rules to harmonize working relationships. The field is a result of industrial unrest which prompted the rise of worker's organizations to address laborers and to the improvement of aggregate work relations (Bauernschuster et al, 2017). Therefore, labour laws are assemblage of laws which focus on guaranteeing workers their rights and protection while working. Labor law compliance is considered vital for it improves the employer and employees relations and thereby abating industrial disputes. Labor laws compliance is achieved through different compliances to get the rights and interests of the employees and protecting them from exploitation (Chepkuto et al , 2015).

According to the (ILO, 2010), the 1998 declaration on fundamental principles and rights at work, member states committed to regard and promote principles in four categories regardless of whether they had ratified the relevant conventions. The principles includes; 'freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation'. Labor laws only applies to the sectors that the member states central governments consent to and, the sector employs 1000 and obover employees in respective state. Over the years, the 1998 declaration has been improved to provide for both formal and informal employment sectors (Macharia, 2017). According to (UDHR, 2007), every worker has a right to just and favorable wages, right to equal pay for equal work, to form and to join trade unions for the protection of his interests, to statutory leave and compensation for each overtime as well as insurance.

Both ILO and United Nations member states are obliged to commit to work place laws and promotes the rights of the employees in all development sectors or industries. Kenya's Constitution gives the essential structure to social and monetary rights, comprehensive of the major opportunities and rights at work. This is contained in Articles 36, 37, 41 and 43 of the Constitution. The 2010 Constitution advocates for decent work place and protection of workers. The fundamental work rights promotes productive employment offering minimum wages, and security of social insurance. Five labor laws govern the labor market and employment relationships in Kenya. These are the Employment Act, Labor Relations Act, Work Institutions Act, Work Injury Benefits Act and Occupational Safety and Health Act. Additionally the National Social Security Fund Act, the National Hospital Insurance Fund Act, the Traffic Act and the Transport Licensing Act are enforced (Macharia, 2017).

In regards to implementation, the Kenyan labor laws and other labor- related laws do not exempt the matatu sector. Matatus sector as a popular means of transport provides mobility services to millions of people on a day-to-day basis in Kenya due to its flexibility. The sector is also the foundation of Kenya's public transport (Chitere, 2014). Matatu sector create employment directly for 359,000 workers. These workers include; the Sacco office staff, drivers and conductors. Indirectly, the sector employs through trickle back effects the hoteliers, car cleaners, mechanics (Mitullah & Onsate, 2013). Although the sector is informal, it creates both formal and informal jobs. The sector Sacco office workers and a few crews are on formal employment while over 80% work casually. The casual form of employment hinders the sector viability of being a tool for socio-economic change offering decent work as enshrined in Article 41 of the constitution and labor laws.

The ILO prioritizes formalization of employment relations, rights to collective bargain, elimination of all forms of forced labor or compulsory labor, abolition of child labor, elimination of discrimination in respect in respect of employment and occupation, and adherence to basic safety and health regulations' (Rainer et al, 2017). The role of public transport in job creation cannot be denied. In Kenya, the sector is ranked fifth contributor of formal employment and fourth contributor of informal jobs. The transport sector in Kenya contributed 5.5% of the total formal work force in year 2010, compared to other sectors contribution in job creation. Agriculture and forestry sector created 16.7%, manufacturing 13%, 8.8%, wholesale and retail traders and 40% from community, social and personal services (Republic of Kenya, 2011). According to (International Labor Organization, 2012), different sectors contributed greatly in creating informal jobs. Hotel industry was the biggest contributor with 59.6%, manufacturing industry 20.4%, while transport and communication sector combined scored 3.1%. Therefore, transport sector is of key importance in employment creation in both developed and developing countries like Kenya.

Implementation of legislation in the transport sector is done in a gradual process so as to balance cost of operations with compliance incentives. The sector performance analysis shows that public transport sector is a big contributor of both the country's' GDP as well as the output value (Beissel-Durrant, 2014). Therefore, it is critical to harness and consolidate stakeholder's efforts through capacity building towards advancing compliance and amplifying sector gains. In Kenya, matatu sector is governed two Acts of parliament; the Traffic Act (Cap. 403), Transport Licensing Act (Cap. 404) and the NTSA Act 2014.

Labor related laws provided for by the two Acts includes; public transport driver working hours, leave days, issuance of employment contract for both the driver and conductor among others

(International Labor Organization, 2011). Public transport contribution to the national Gross Domestic Product (GDP) is higher compared to other sub-sectors. The sector contribution is critical to its sustainability as well as that of the national economy by extension (Oira, 2015).

Although labor laws are not viably upheld in the public transport sector, it does not exempt the sector from compliance nor cushion both the sector workers and investors the cost of non-compliance. However, the sector growth and its sustainability may be inhibited by forced labor laws and other labor-related legislations. Therefore, there is a critical need of stakeholders involvement at the policy level. The matatu sector players recognized a number of provisions of the labor and labor-related laws that prohibit the sector development and sustainability. However, the matatu sector as an enterprise cannot be freed from the demand to comply with the labor laws and labor-related laws (International Labor Organization, 2012). Matatus is a popular mode of road passengers and cargo transportation in Kenya (Republic of Kenya, 2009).

The sector growth is evident through the quantity of PSV licenses given by the Transport Licensing Board (TLB) in regard to vehicle category and road transport passenger traffic (International Labor Organization, 2011). Following the NTSA Act 2014, the Transport Licensing Board got strict prerequisites to be met by both the PSV operators and the sector investors to be issued with a TLB permit. The NTSA Act requires all PSVs to work under a transport Company or a matatu Savings and Credit Co-employable Society (SACCO). This is a government's move towards institutionalizing the sector to a formal sector. On the other hand, the sector workers are required to subscribe to a Sacco as members or companies before commencing the PSV application process which is done on a digital platform.

The NTSA Act 2014, also requires that matatu driver and conductors should be issued with a written contract as they commence employment, be monthly salaried, receive statutory leave and

provided with a health cover (HNIF in Kenya) as well as work injuries benefits (WIBA). International Labor Organization, (2011) and National Transport and Safety Authority, (2014). Assessment of the quantity of occupations made by the matatu sector differ. In 2017, there were about 100, 000 registered matatus in Kenya with 70% of them were operating in the town centres. Of the 100,000 registered PSVs, 78% were 14 seater matatus. 15, 000 operated within 125 routes of 175 routes available in Nairobi County (NUTRANS, 2017). Nevertheless, jobs created from each matatu ranged between 2 -4 worker inclusive of the relievers for the driver and the conductor in any work day (Owaga, 2012). Along these lines, an overall agreement concerning the matatu sector, is that the sector has a massive job creation potential for a growing employment age. The continuous sector reforms being implemented are believed to propel employment capacity of the public transport sector. While labor laws compliance has been studied broadly in other economic sector, few studies have been conducted to examine the nature and outcomes of labour laws in Nairobi and specifically along the Nairobi – Rongai route.

1. 2 Statement of the Problem

Matatu sector is an informal Micro, Small and Medium Enterprises (MSMEs). The sector like other MSMEs workers struggle with issues of long working hours, low wages, occupational health hazards, poor working conditions and lack of social protection (ILO, 2011). In Kenya, matatu mode of transport provides mobility options to millions of people daily in the urban centers as well as in the rural areas (Mitullah & Onsate, 2013). The sector is undeniably the backbone of the transportation framework in Kenya.

In Kenya, the NTSA Act 2014 requires matatu Saccos to issue written employment contracts to the sector workers (driver and conductors). The contract should spell out employment terms, work

place health and safety measures, expected salary as well as statutory deductions in accordance with the labor laws and regulations. Sacco's failure to implement the NTSA Act 2014 has continually given matatu owners power to control and manage daily operations of their matatu. They set daily targets that crews have to meet at all costs. The target set leads to many matatu drivers and conductors breaking traffic rules, overspending and overwrapping to escape traffic gridlock, risking both the passengers and pedestrians lives. Meeting the daily set target is the assurance of a job tomorrow (job security) irrespective of its odds (McCormick et al, 2015). Whereas the target is linked to reckless driving, Sacco's non-compliance to labor laws and labor related regulations has been linked to road carnage as crew rush to meet the set daily target. Therefore, the study sought to assess Sacco's compliance with the government regulation on labor issues in the public transport sector. The study focused on registered and operational Saccos operating along the Rongai route namely; Orokise, Nkikan and Serian Saccos.

1. 3 Research Questions

Overall Research Question

The aim of this study was to examine matatu Saccos' compliance with the government regulation on labor issues in the public transport sector in Kenya.

Specific Research Questions

1. What factors affect SACCOs in enforcing labour regulations?
2. What challenges are affecting Saccos in enforcing labour regulations in Matatu sector?
3. What are the possible solutions for addressing Sacco challenges while enforcing labour regulations?

1.4 General Objective of the Study

To examine matatu Saccos' compliance with the government regulations on labor issues in the public transport sector in Kenya.

Specific Study Objectives

1. To assess factors affecting Saccos in enforcing labor regulations.
2. To highlight challenges affecting Saccos in relation to compliance with labor regulations in the Matatu sector.
3. To establish possible solutions for enhancing labor regulations enforcement in the matatu sector.

1.5 Justification and Limitations of the Study

The Matatu sector offers many job opportunities to Kenyan youth and generally plays a critical role in the social, economic, and political development in the country. The choice of the Rongai route was informed by the fact that the route is one of the busiest links between the capital city and Kajiado County, which offers residential places for most people working in Nairobi Capital.

1.6 Scope of the Study

Rongai route connects two counties (Nairobi and Kajiado). Nairobi is an economic hub attracting a large number of people who mostly travel by public transport to and from work while Kajiado County is attracting many people working in both formal and informal sectors in Nairobi County. The study examines how matatu transport Saccos complies with labour regulations to offer

conducive working environment to the sector crews. The study specifically focused on the case of registered and operational Saccos offering their services along the Rongai route (Orokise, Serian and Nkikan SACCOs).

CHAPTER TWO: LITERATURE REVIEW

This chapter reviews documented literature relating factors that influence public transport Saccos in implementing informal transport labour laws in Nairobi. The chapter also examines the benefits of enforcing labour laws in Kenya, challenges and possible solutions, as well as the theoretical and conceptual frameworks.

2.1 The Concept of Public Transport

Public transport has a long history of contribution to humanity's economic development. According to Kate (2018), the first form of public transport was multiple people riding animals. The wheel was invented in 3, 500 BC, but it was not until 1, 600 BC that it was used for a chariot and long distance road travel became possible.

Public road passenger transport in Kenya dates back to the 1930s (Moraa, 2020) but a lot has changed due to increase in population and urbanization. Road transport accounts for over 80% of the total internal freight and passenger traffic in Kenya, with about 7% using rail and air. Kenya's road network serves both domestic and regional passenger and freight transport demand. In Kenya, there is currently no state-operated road passenger public transport service, resulting to privately-owned and operated transport options that include Matatus, passenger motorcycles, bicycles, and tricycles. Due to lack of organized public passenger transport, alternatives have led to rapid growth in these non-conventional means of public transport (Aduwo, 2019). Although paratransit often appears to be disorderly, it is actually an intricate system that involves quite a large number of different players characterized by flexibility and demand responsiveness, lack of schedules, fluctuating fares, poor working conditions, competition, formation of cartels and unpredictable stops and routes (Moraa, 2018).

Kenya Bus Services (KBS) owned by the Overseas Transport Company of London was the first form of Private Public Partnership (PPP) in Public Road Passenger Transport (PRPT). KBS remained the sole operator of bus transit until the 1973 following a presidential decree legalizing matatus to operate without license (Mitullah & Onsate, 2013). The state then introduced Nyayo Bus Service in 1986 offering subsidized fares but collapsed due to management problems after seven years ending public sector participation in PRPT (Khayesi, 2018).

In 2012, there were 9,554 Matatus operating within Nairobi city (McCormick et. al., 2015). On realization of the performance gap of Traffic Act Cap 403 of 1954, the GoK over the years has initiated measures to allow the sector realize its national economic potential (Okeyo, 2016). In 2003, the government issued Legal Notice No. 161 of 2003 to amend Traffic Act Cap 403 of 1954. In 2012, the National Transport and Safety Authority (NTSA) was established. Its purpose was to blend the key public transport departments and assist the national government manage the sector to realize a citizen geared transport system in Kenya. The government intended to streamline the informal popular mode of transport to a formal means of employment addressing the sector workers welfare as quoted in the ILO and the NTSA Act 2014. The Act provides, for compliance with labor laws and regulations in respect to statutory deductions, health and safety of the workplace, Work Injuries Benefits Act (No. 13 of 2011) insurance, statutory leave days and written contracts of employment for staffs (NTSA, 2014).

2.2. The concept of Labor laws in the Kenyan public transport sector

A quick glance, at the Kenyan public transport sector reveals numerous legislations to be enacted to allow seamless flow. The 2007 Employment Act highlights terms and conditions, principles and

rights governing employers and employees relations. The Act provides for; employment terms, leaves/off days, work hours, termination and resignation requirement among others.

Other work laws in Kenya includes; the Work Injury Benefits Act (2007) which cites remuneration of workers wounded while on duty and the Occupational Safety and Health Act (2007) which requires employers to provide health and safety measures for the employees. Other labor related laws applicable in the public transport sector are; the Labor Institutions Act and the work Relations Act both of 2007. The two Acts are, geared towards improving the employer and employees work relationship. The other legal frameworks include; the Road Transport Act (2013) which sets up institutions and agencies to supervise and regulate sector players' behaviour, while the Kenya Roads Board (KRB) ensures proper use of the Kenyan roads and the National Transport and Safety Authority (NTSA) established in 2012 by an Act of parliament ensures harmonized operations of the key transport departments and assist in managing effectively the transport sector and minimizing loss of lives through road carnages. The NTSA Act 2014, requires that all PSV operators to join Saccos or transport companies so as to employ crew (drivers and conductors) on permanent terms adhering to the principles and guidelines of Employment Act 2007 and as guided by the ILO (COTU, 2016).

2.3 Factors influencing compliance with Labor laws in the public transport sector

Public transport especially the matatu means of transport is dominate by numerous individuals' and organizations (public and private) with vested interests which crash on policy and management of the sector. Diverse businesses are also connected either directly or indirectly to the matatu business. These businesses includes; mechanical, petrol stations, driving schools, graffiti and body assemblage, security firms, eatery joints among others. The interest of different groups in the sector

produces various conflicting monetary, social and political interests notwithstanding the sector administrative battles. The sector also provides economic gains that are pursued by both the matatu owners and the operators (Macharia, 2017).

Matatu sector for a long time has been labeled as a poor, low paying and operated by less educated people. Over the past two decade, the sector trend has changed to attract the affluent and the educated as either investors or workers (Mutongi, 2019). Therefore, the government has overtime sought to formalize the sector to offer formal employment with full employees' rights according to Employment Act 2007 and the 2010 constitution.

2.3.1 Crews employment contracts

According to Employment Act 2007, every employer is required to issue an employment contract. The contract highlights information pertaining to the nature of job, working hours, salary and statutory deductions calculations, leave and off entitled to the worker. According to (ITF, 2019), over 80% of Matatu workers self-employed, or on hourly or every day casual 'contracts' because the sector is more informal with a few workers having formal contracts. Of the 41 respondents, only 16 had formal written contracts. The contract outlined the employees leave days, salary and statutory deductions and rules of the game. The other 23 respondents' operated on verbal contracts.

2.3.2 Working hours

The international standard working hours are 45 hours per week and 8 hours per day. However, public transport workers work up to 15 hours per day. This is against the ILO provisions International Labour Organizatin, (2019).In Kenya, the Traffic Act of 2012 requires matatu drivers and conductors to work for 8 hours within 24 hours or in a day (GoK, 2012). Nevertheless, the

matatu business working hours are controlled by the business needs and the conditions of work or working environment, for example, accessibility of traveler at the primary terminus and the formal sector employees travelling patterns and so on (Kenya Health Act, 2017).

According to (Mawanga & Ntayi, 2010), matatu operators working hours in Kampala Uganda are similar to their counterparts in Tanzania, Nairobi and other Sub-Saharan African Countries. They are controlled by passenger demands and operators (driver and conductors) work for longer hours ranging from 10 – 15 hours, compared to other workers in a day exposing them to health factors.

2.3.3 Work injuries benefits and Social protection

Work Injury Benefits Act (2007) provides employees with compensations for disease and injuries contracted while at work and for associated purposes. The Act, highlights employer's responsibilities in regard to obtaining and keeping to date the insurance policy through monthly deduction and remittances of the funds to the National Hospital Insurance Policy (NHIF). Likewise, it gives administrative framework guiding workers remuneration for work related injuries, disabilities, diseases and loss of life while on duty. The Work Injury Benefits Act (2007) guide on medical aid provision (ILO, 2010).

According to the International Labor Organization, (2012), Occupational Safety and Health Act (2007) provides for security, health and wellbeing of workers legally present at workplace. The (2007) Act sets out the obligations of both employer and employees in promoting safety at workplaces and gives provision for enactment. The Act also gives overall guidelines on workplace hygiene in relation to overcrowding, general cleanliness, lighting, drainage systems, ventilation and sanitations. Other than the five major work laws, Kenya implements other work related

enactments that effect the matatu sector directly. These are the National Social Security Fund Act (Cap. 258), the Public Hospital Insurance Fund Act (Cap. 255), the Traffic Act (Cap. 403) and the Transport Licensing Act (Cap. 404).

The National Hospital Insurance Fund Act (Cap. 255) introduced and established the National Hospital Insurance fund (NHIF). It sets the requirements for enrollment as a member and monthly contribution as required by law; regulations on accessing the funds etc. Similar to NHIF, the NSSF has in place systems for membership enrolment and contributions, members guidelines on accessing and benefiting from the funds, administration of the finance, legal proceedings and established the funds National Advisory Council (Omolo, 2012).

The Traffic Act (Cap. 403) merges all laws relating to road traffic. Section 33(1) (c) spells out employment age of a PSV driver while Section 66A (1) points out the number of hour that a PSV driver should work. The Legal Notice No. 161 of 2003 calls for all PSV drivers and conductors to be employed on a permanent (month to month) contract and be issued with a formal written contract. Section 103A (6) of the Traffic (Amendment) Act No. 37 of 2012 requires vetting of both the driver and the conductors. Transport Licensing Act (Cap.404) directives required that every matatu operator and investor to join or form a Sacco or a transport Company before applying for PSV license (McCormick et al, 2015). The government through the Act, intended to institutionalize operations of matatus and crews employment. The Act also established Transport Licensing Board (TLB) to co-ordinate transport sector in Kenya (Mwema, 2014).

The sector formalization in terms of operations and employment is important for effective running. However, an MSME Survey conducted in 2012, revealed that of 80% of 2,069 workers interviewed were on verbal employment contracts while 17% were squads (relievers). These workers were paid daily even though they worked for months surpassing the three months' probation period required

to transit to term contract (Macharia, 2017)². 3 Challenges Facing Compliance with Labor Regulation in the Public Transport sector

Since the Matatu owners' main goal is to maximize profits, Matatu operators come up with strategies to maximize their daily earnings in form of retained cash after paying the owners their daily targets. Contrarily to the Traffic Act, crews over-load, speeding, and make unlawful stops to get passengers to boost their daily incomes (McCormick, et al, 2019). By bribing either the police or cartels, operators keep the system moving while oiled by corruption.

2.4 Theoretical framework

This study uses the systems theory to explore existing relationships between Saccos, and compliance with legislation. Ludwig Von Bertalanffy coined the term “systems theory” upon observing intricate interactions of elements within their environment (Pryke, Badi, Almadhoob, Soundararaj, & Addyman, 2018). The theory has over the years been advanced and applied in understanding dynamic interactions within organizations. The systems theory approach views organizations as consisting of different subsystems working together to achieve the goal of the organization (Chikere, & Nwoka, 2015). It compares a system to an organism that has different elements interacting with one another and the environment.

Sacco workers at different levels are sub-systems that interact intricately for the benefit of the whole. The success of Saccos will depend on the interdependence that exists between subsystems, combined output, and emerging interconnections. The interconnections exist between departments or workers, and between Saccos and legislation. While systems are made of different subsystems, they collectively interact to form a functioning systems. Attributes of the system theory include communication between different subsystems that allow for information flow and rules that create

boundaries and regulate interactions (Mele, Pels, & Polese, 2010). They are also goal-oriented and create feedback mechanisms to help them achieve the goals they set. In this study, SACCOs have different elements that interact to ensure compliance with regulations. *Matatu* crews are required together with their managers to ensure compliance with labor laws. For compliance to take place, it is expected that processes are followed by the *matatu* operators registered under different SACCOs. Compliance as output is manifested through outputs like having workers covered by health insurance. The workers are an important element that ensures labor laws are adhered to. They are expected to provide feedback that continuously improves compliance. Systems theory will be applied in the study to understand interactions between crews and managers influence compliance with labor laws. The labor laws include statutory contributions like NSSF, monthly salaries, statutory leaves and having written contracts. The theory fails to specify tools and techniques for managers. The systems theory also fails to bring out social inequalities and ways of addressing the inequalities.

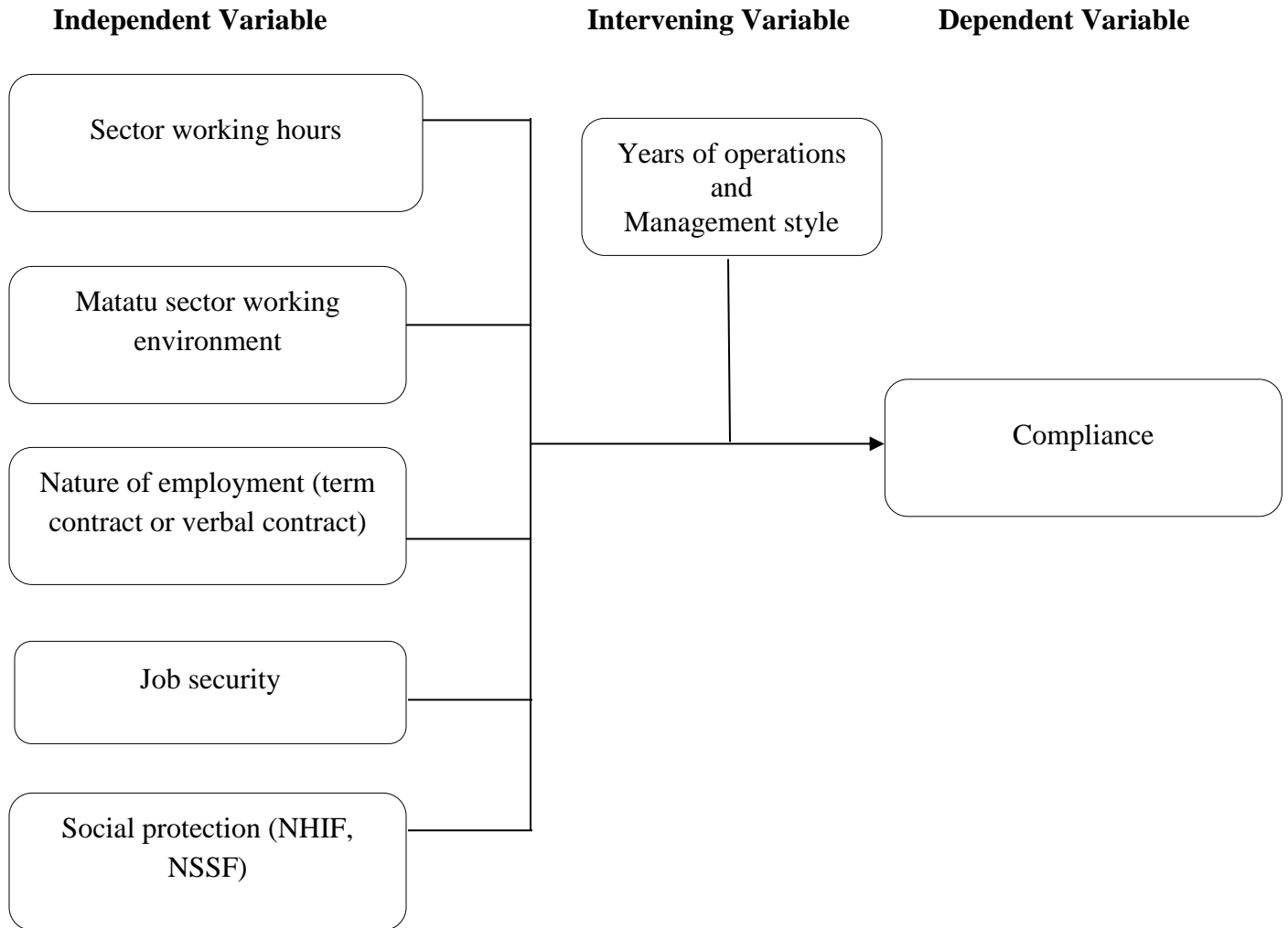
2.5 Conceptual Framework

Conceptual framework (Fig 1) represents the connections between the independent, dependent and intervening study variables. This study sort to establish factors that challenge labor laws enforcement in the public transport, specifically along Nairobi – Rongai route. *Matatu* sectors challenges are numerous and diverse ranging from poor working conditions to wage issues. The sector workers experience long working hours, lack of employment contracts subjecting them to verbal, lacking job security and missing out on social protection as highlighted in the Employment Act 2007 and provided in the International labor laws. Functional systems allow flawless flow of command and seamless implementation. However if the system and in the study context the

institution of management fails, then the system breaks giving room for non-compliance. The public transport sector in Kenya suffers from lack of centralized management causing confusion and leading to formation of illegal groups that take charge of the sector operations and management. The System theory views organizations as consisting of different subsystems working together to achieve organizational goals. Sacco's success in enforcing labor laws in the transport sector is dependent on the interdependence existing between the subsystems, combined output, and emerging interconnections.

The study looks at year's operation, and management style and work experience as intervening variables. Work experience affects the relationship between independent and dependent variable. For example, the number of years the Sacco as existed portrays its experience in the sector and ability to handle sector challenges. It also explains management style of an institution and in the study context Sacco management style. Managing an institution today, it requires a full range of management capabilities and skill and not only controlling and enforcing rules and regulations. It requires diverse skills to utilize the workers physical labour and engage their minds and hearts to achieve high performance as well as to spur innovation. Therefore, system theory points out the links of how systems or institution (Sacco) are managed, improve communication as well as how they adopt to technology and enhance regulations compliance.

Figure 1: Conceptual Framework



Source: Authors Conceptualization, (2020)

CHAPTER THREE: RESEARCH

METHODOLOGY

This chapter outlines the research methodology, which includes the study research design, study site and population, data and sampling procedures, data collection, and data analysis and finally ethical considerations.

3.1: Research design

This study applied descriptive research design that included qualitative and quantitative approaches.

3.2: Study Site

The study was carried out in Nairobi covering matatus along the Nairobi – Rongai route. The route connects Nairobi and Kajiado counties. Matatus along the route start their operations either from Rongai in Kajiado County ferrying passengers to Nairobi County, or vice versa. The route has major landmarks that include the Nyayo National Stadium, Lang’ata Cemetery, Kenya World life Service, leisure centers, and learning institutions. The route has several stages (passenger pick and drop points) and were used as the data collection points.

The studied SACCOs were Orokise Sacco with twenty six Sacco owned buses, 250 Nissan and six buses registered with Nkikan Sacco while 243 Nissan Matatus and four mini-buses subscribed membership with the Serian Sacco. The three Saccos had a total of five hundred and twenty (520) matatus. During the study period, the public transport sector had been negatively affected by the global Covid-19 pandemic. Similarly, the three study SACCOs had withdrawn most of their Matatus from the road, leaving just a few. This was due to the work from home directive by the

government in order to prevent the spread of the Covid-19 virus, which meant that there were fewer commuters.

The usual busy Nairobi-Rongai route characterized with heavy traffic was reduced to only a few Matatus ferrying passengers. The route remained active during the peak hours (5 am – 8 am, and 4 pm – 7 pm). The government's decision to impose a nationwide curfew from 7pm contributed to reduced activities on the route.

3.3: Target Population

The study unit of analysis were matatu Saccos, namely; Orokise, Nkikan and Serian Saccos. At the time of study, only five buses from Orokise Sacco were operational and ended their trip at Rongai town. Other than the five Sacco owned buses operating at the time, there were a number of Nissan matatu branded Orokise Sacco operating during peak hours. These matatu are operated by the owners. Serian and Nkikan Saccos had 15 and 10 matatus operating respectively ending their trips in Kiserian town. Mugenda and Mugenda (2003) writes that target population is any group of institutions, people or objects that have common characteristics. The respondents were purposively selected with the Sacco offices assistance and they included the crews and the stages workers along the study route (Nyayo Stadium stage, Madaraka, Lang'ata, and Maasai Lodge). Each SACCO had supervisor at Nyayo Stage, Maasai Lodge, Rongai Main Stage, and Kiserian terminus where matatu ended their trip. Respondents' telephone contacts were derived from the Sacco daily operations records.

3.4: Sampling

In this study, convenient sampling was adopted to obtain a study sample. The sampling method was adopted because of the effect of the Covid-19 pandemic which negatively affected public transport sector. The study covered Sacco workers. A total of forty one respondents were covered in the study.

Table 3.1 Sample Size

Workers covered	Serian Sacco respondents	Orokise Sacco respondents	Nkikan Sacco respondents	Total
SACCO Staffers	1	1	2	4
Supervisor	2	2	2	6
Driver	4	4	5	13
Conductor	4	4	5	13
Stage Clerks	2	1	2	5
Total	13	12	16	41

Source: Fieldwork data (2020)

3.5 Data Source and Collection Methods

The study used both primary and secondary data collection methods. Secondary data was derived from the statistics available at the SACCO offices, NTSA offices, and academic papers and published journals, among other materials. The data aided in identification of the research gap in relation to Matatu SACCO's operations in regard to regulations compliance.

Primary data was collected through telephone interviews. The data was collected from SACCO officials, the crews (drivers and conductors), other related Matatu workers such as stage clerks and supervisors. Three key informants were included. These were a police officer from the Rongai Police Station Traffic Department, an officer from NTSA, and an officer of the Matatu Welfare Association.

3.6 Data Analysis

The study used qualitative and quantitative data analysis methods. Qualitative interviews data were recorded in fieldwork note books and tape recorded were analysed using thematic and content analysis. The recordings were transcribed and checked for accuracy. Responses from the open-ended parts of the questionnaires were also included. The main ideas were coded. These codes were reviewed to identify recurring opinions and ideas, and these were used to generate themes. Other responses were captured in verbatim through quotes to back interrelated findings. The study conducted a total of ten quantitative interviews to establish the sector trend in regard to employment age, education level and years of operations. Quantitative data were entered into Statistical Package for the Social Sciences (SPSS v. 22). Descriptive summary statistics such as frequencies were conducted, aimed at describing the characteristics of the study population analysed and presented using tables in chapter four of the study. The study gathered data on public transport operators and matatu owners' perspectives on the sector performance and labour issues

3.7 Ethical Considerations

This study dealt with human subjects hence the researcher assured the respondents of confidentiality. The researcher ensured that participation in the research was voluntary. The

researcher conducted telephone interviews due to the Covid-19 pandemic restrictions. The researcher explained to the respondents the importance of the study and requested the respondents to participate in the study by giving information relevant for the study. To establish good working relationship with the participants, the researcher endeavored to develop a rapport with the respondents. The researcher obtained a research permit from the National Council of Science and Technology Council (NACOSTI) before going to the field. Before visiting the individual respondents, the researcher sought and was granted permission from the respective SACCO management so as to contact the respondents.

3.8 Study Limitations

Due to Covid-19 pandemic movement restrictions, most vehicles were pulled off road making it difficult to get all the crew to interview. This limitation was addressed by increasing the number of Saccos from the originally intended one Sacco to three Saccos along the Nairobi-Rongai route.

CHAPTER FOUR: STUDY FINDINGS

4.0 Introduction

This study assessed three (3) Rongai matatu Sacco's compliance to labor regulations. The chapter contains study findings per the research objectives.

4.1. SACCOs' characteristics

Sacco Characteristics	Orokise Sacco	Nkikan Sacco	Serian Sacco
Year of formation	Formed in 1999 as a matatu owner's welfare group and converted to Sacco in year 2003 following the government directive.	Formed in 2002 as merry-go-round and converted to a Sacco in year 2004.	Formed in 2004 following the government directive of year 2003.
Years of operation	23 years	19 years	18 years
Employment	<ul style="list-style-type: none"> • Sacco owned bus operators have embraced formal contractual employment system • Advertises employment opportunities • Provides written contracts to workers • Pays monthly salary 	<ul style="list-style-type: none"> • Has mixed employment structures (contract, weekly and daily terms) • Employment is based on referrals • Does not offer written contract but retains crews documents • Pay is based on individual employment terms. 	<ul style="list-style-type: none"> • Day-to-day form of contract – verbal contract • Recruitment is based on successful meeting of the set target • No written contract • Retains crews personal documents for easy of identification • Daily pay system.
Training	Invested on both internal and external crews training and capacity building e.g. SASRA, Traffic police, National Transport and Safety Authority and Red cross.	Invested on crews capacity building and training from NTSA, Red cross, Traffic police etc.	<ul style="list-style-type: none"> • Crews facilitate their training
Leave & off days	Sacco has regulated annual leaves and weekly off days for the crews	Has Sacco organised relievers for the drivers and conductors	Matatu owner and crews planned
Social Protection	<ul style="list-style-type: none"> • Mandatory for crews to be NHIF members 	<ul style="list-style-type: none"> • Crew have to be NHIF members on employment 	<ul style="list-style-type: none"> • NHIF membership is mandatory • Crews remit on individual capacity

	<ul style="list-style-type: none"> • Crew deposit annual NHIF fee with the Sacco • Sacco remit monthly NHIF contribution • NHIF applies only to the Sacco owned bus workers. 	<ul style="list-style-type: none"> • Sacco remit for the term contract crews while others remit individually 	
Gender	<ul style="list-style-type: none"> • Has a low number of female employees (in the office and in the matatu as conductors, stage clerks etc.) 	<ul style="list-style-type: none"> • Female workers employed as office staffs. • A few work as matatu conductors 	<ul style="list-style-type: none"> • Has a big number of female workers as conductors • Matatu owners prefer female workers for conducts to safeguard the daily profits.
Working hours	<ul style="list-style-type: none"> • working in shifts of a maximum of 9 hours a day • Working hours regulated only for the Sacco owned vehicles. 	<ul style="list-style-type: none"> • Sacco regulated only to term employees • Maximum 12 hours in a day 	<ul style="list-style-type: none"> • Crew and owners regulated • Over 15 working hours in a day with a few on normal situations.
Employment turnover	<ul style="list-style-type: none"> • Has higher employment turnover due to deductions on salaries if bailed out of court and other expenses • No resignation fee • Employees surrenders the badge 	<ul style="list-style-type: none"> • Steady • No Sacco resignation fee • Employees surrenders the badge 	<ul style="list-style-type: none"> • Retains employees for a longer period • Employees charged resignation fee of Ksh 3,000 • Employees surrenders the badge

Source; Field data, 2020

4.2 Respondents characteristics

The study covered 3 SACCOs (Orokise, Nkikan and Serian) drivers, conductors, Sacco officials, stage clerks and supervisors in charge of matatu daily operations. The study obtained data from forty-one public transport workers drawn from the three SACCOs as follows:

4.2.1 Gender

The study had 9 women respondents. This shows that matatu sector is male dominated. However, over the years there is a shift with women taking up employment in the sector although at a low pace. The female respondents called for the government and other key stakeholders to provide safe and decent work environment to encourage and accommodate more female workers in of working hours, security and job security, provision of maternity leave as provided in the Employment Act 207. The table below shows the gender distribution within the study Saccos’.

Table 4.2: Gender

	F	M	Total
Orokise Sacco	2	11	13
Nkikan Sacco	3	9	12
Serian	4	12	16
Total	9	32	41

Source; Field data 2020

4.2.2 Respondents Age

The crews in the three study SACCOS were aged between 30 and 35 years, as shown on the table below;

Table 4.3: Age

	Orokise Sacco	Nkikan Sacco	Serian Sacco
20 – 25	0	2	1
25 – 30	5	3	2
30 – 35	6	4	4
35 – 40	2	2	3
45 and above	2	3	2
Total	15	14	12

Source; Field data 2020

4.2.3 SACCO years of operation

Experience is gained from the number of years the Sacco has been in existence in a sector. It may also portray its success as well as its integrity through the membership portfolio. The study found out that some Saccos existed long before the 2003 government directives as voluntary welfare organizations among the sector workers. They only converted to cooperatives following the directive and ‘owned’ the route operations. It also emerged that the Saccos’ office bearers are as ‘old’ as the Sacco themselves and some do not own matatus but are employed by the Sacco. Saccos experience in the sector has also established a work relationship with the law enforcers and are able to bail out their workers without following court processes. Orokise Sacco have a lawyer who represents the Sacco and crew in court if necessary.

4.2.4 Saccos and respondent years of operations

The SACCOs had operated for over 15 years and showed variance in their employment process. For instance, the Saccos employees in the office category, one has to submit a job application and go through a vetting process to be hired. However, there are Saccos that use internal evaluation to promote their employees on need basis. In such cases, the Sacco is guided by the set principles and core values of the Sacco. According to Nkikan Sacco, integrity, diligence, faithfulness and trust are considered important regardless of one's education level. As for the drivers and conductors, the three Saccos implemented the NTSA 2014 Act in recruitment requirement; must have a driving license, Certificate of good conduct etc. However only Orokise Sacco issued written contract in accordance to the National Transport and Safety Authority Act.

Majority of the male workers interviewed had worked in the sector between 5-10 years. The female workers had worked in the sector between 2-8 years with only 1 having worked for less than 2 years. The workers had demonstrate different understanding of their employment rights and the labour laws. They also expressed different opinions in regard to how Saccos enforced labor laws along the route. Concerning training, only 9 admitted to have attended a Saccos organized training.

4.2.5 Level of education

On levels of education, workers in the three Saccos had different education levels while sourcing for workforce as shown below;

Table 4.4: Level of Education

	Orokise Sacco	Nkikan Sacco	Serian Sacco	Total
Never attended School	0	1	0	1
Primary School	5	7	9	21
Secondary School	4	3	3	10
Post-secondary training	4	3	3	10

Source; Field data 2020

4.2.6 Social protection remittance

The study covered three Saccos. Data on whether crews received any form of medical cover for injuries suffered while on duty (WIBA) showed only 15 respondents had NHIF statutory remitted through the Sacco. However, it was noted that on employment, the Orokise Sacco crews had to deposit with the Sacco a one year NHIF fee (Ksh 6,000) which the Sacco remits monthly on their behalf. This way the Sacco is assured of an employee at least for a year. Nkikan Saccos, crews serviced their individual NHIF membership monthly and submitted consistence prof to the Sacco office. Serian Sacco did not follow up to ensure crews did monthly contribute towards the NHIF. According to the field data, the Sacco do not remit NSSF for the workers. It is left for the workers to decide. Although Orokise Saccos has their workers on term contract, the workers do not get a pay slip but sign on receiving the monthly pay. They have to rely on the NHIF statement to confirm monthly remittance. They also do not value NSSF contribution as they do NHIF. The table below shows NHIF remittance per Sacco.

Table 4.5: NHIF & HSSF Remittance

	Orokise Sacco	Nkikan Sacco	Serian Sacco	F(n=41)
NHIF remitted by the Sacco	12	0	0	12
NHIF individual remittance	0	16	13	29
NSSF remitted by the Sacco	0	0	0	0
NSSF Individual remittance	0	0	0	0

Source; Field data 2020

4.2.7 Training

The study found out that Saccos have invested on training workers for management of the vehicle and operations. It was evident that workers had been through various external training offered by the government through the Kenya Police Traffic Department, Kenya Red Cross as well as Sacco Societies Regulatory Authority (SASRA) which is mandated by the government to supervise Saccos. Although matatu Saccos were not to be a depository type, some have recruited members encouraging them to save for loans. The workers had participated in one or two training sessions offered by the Sacco they currently worked with or by the one they worked with previously. The table below shows training type and frequency of each Sacco.

Table 4.6: Types of External Training through Saccos

Type of training	Orokise Sacco		Nkikan Sacco		Serian Sacco	
	Yes	No	Yes	No	Yes	No
NTSA Road Safety	10	2	14	2	10	2
Red Cross training on first Aid	8	4	10	6	9	3
SASRA savings and investments	5	7	11	5	4	8
Kenya policy Traffic Dept.	8	4	14	2	7	5

Source; Field data 2020

4.2.8 Nature of Employment and allowances

The study found out that though the route Saccos' did recruit drivers and conductors on behalf of the matatu owners, did not issue written employment contract. 26 of the 41 respondents confirmed that they did not receive employment letter but were on verbal contracts. This constituted to casual employment. Only 15 from one single Sacco confirmed to having signed and received an employment letter on employment day with a set pay (formal employment). The same SACCO registered a high rate of employment turnover. 5 received a weekly pay while 21 were paid on daily basis. The 3 Saccos' did work on a target system and the workers had to work for their allowances, fuel and other matatu needs while on duty other than the one Sacco where employees are paid at the end of the month as shown on the table below;

Table 4.7: Employment Terms

	Orokise Sacco	Nkikan Sacco	Serian Sacco
Has written contract and paid a monthly pay	13	0	0
Casual and paid weekly	0	3	0
Verbal contract and paid daily	0	9	16
Self-employed	0	0	0

Source; Field data 2020

4.2.9 Labor regulations

The study respondents of the covered Saccos were hesitance on formalizing the sector through issuance of written contracts. They expressed concerns on possible conflicts between matatu owners and crews for failing to meet the set target. They affirmed that the matatu business cannot

run without targets. 16 of those who supported the idea indicated that it would lead to improvement in terms and conditions of employment, 9 issuance of written contracts would enhance job security, while 5 it would promote employee in through empowerment and provide social protection especially in matters of accessing health care and by extension their family members. Other perceived benefits from complying with the labor laws were given as social protection 5 enjoyment of rights and freedoms at work 4 and streamlining of the industry 2.

With regard to stakeholder consultations, 40 respondents showed support for consultation with stakeholders during the policy-making process. The need for adequate consultation is premised on the basis that laws are made “by the people, for the people” and that proper consultation at the design stage would makes implementation a lot easier. The sector challenges is of importance as dialogue between the enforcers, multilateral partners, other arms of government such as the police, cooperative and the sector leadership is key in the sector. On target issue, Orokise Sacco employment letter quotes the daily targets to be met.

4.2.10 Working Hours

In relation to working hours, the response showed a difference in controlling the working hours. The three SACCOs, Orokise Sacco had their drivers and conductors operate for a minimum of 10 hours, although the traffic and labor laws calls for 8 hours of work. The SACCO had the drivers and conductors work in shifts. The shift began from 4am to 1pm and the second shift began at 1pm to 10pm. Nkikan and Serian Saccos drivers and conducts operated for more than 12 hours daily only taking a break while having lunch or when queuing at the main terminal in Rongai or Kiserian. The 41 respondents admitted that matatu business working hours are controlled by the business

needs and the conditions of work or work environment, for example, accessibility of traveler at the matatu terminus, travel patterns particularly those in formal employment. However, the Sacco office staffs working hours were between 8am to 5pm with a 1 hour lunch break Monday to Saturday. The office staff working hours for the three Saccos met the labor laws recommendations. Although different in duration of time, the three Saccos allowed crew rest and meal breaks while on duty. Squad or relievers were provided either through the Sacco or jointly organized by the crew and the matatu owner.

Table 4.8: Working Hours

No. of working hours	Driver	Conductor	Stage clerk	Others
Less than 8 hours	4	3	1	2
8 -12 hours	4	5	4	6
12 -15 hours	3	5	0	2
15 and above	3	0	0	0
Total	13	13	5	10

Source; Field data 2020

4.2:11 Leave and Off-Days

Jourquin (2014) notes that rest periods are key for every driver in the transport industry. Psychological strain may so often lead to the driver lack of concentration and lead to fatal road carnage and loss of lives. This study found out that SACCOs varied on ways of administering leave and off days. Orokise Sacco had organized 21 days annual leave with relievers while others Serian and Nkikan Sacco simply relied on owner-workers agreement. During a day working hours, 13 respondent had self-planned rest and meal times, while 28 respondents utilized the services of relievers popularly known as squad to take a few minutes nap while on duty. On special cases,

Matatu owner may prefer their vehicles be parked instead of having a reliever (squad) taking over. The Saccos did have a recommended 21 days annual leave for the office staffs.

4.3 Challenges influencing labour laws compliance

4.3.1 Mistrust and suspicions

The study found out that there exists a high rate of mistrust and suspicions between matatu owners and employees. Matatu owners rely on the crew to run their vehicle and remit daily earnings. The driver and conductors stated that matatu owners do not trust them even though at times they make more profit. In some cases, they may not surrender extra cash to the owner of the vehicle after meeting the daily target. Matatu sector workers also include stage clerks designated to a specific stages to collect cash from the matatu after a number of trips. Matatu owners argue that by engaging a stage clerk, they achieve the daily target and maximize profit. In regard to preference, matatu owners prefer female workers to collect daily target to their male counterparts citing faithfulness. Matatu owners stated that matatu business is expensive and for one to recover the initial investment, one has to keep trail of the employees and close all loss avenues.

4.3.2 High operational cost

The study established that the cost of running the matatu business is very high and that if not carefully planned, one can close in (6) months of operation. Police soliciting for bribes and traffic offenses cost led on the challenges facing the sector investor and workers. Fractuating fuel cost leads to unregulated fares, while dishonest mechanics and garage attendants participate in raising the operational costs of matatu business. The study established that operational cost is linked to non-compliance to labor laws.

4.3.4 Crews employment individualization

The study found that matatu owners prefer sourcing for drivers well known to them, although they remain members in the Saccos. A number of crews own matatus and therefore are self-employed. In other cases, matatu owners source for crews of choice and may reject relievers and prefer his vehicle remain parked. Matatu owner's involvement in staff employment hinders Saccos from vetting crews, offering written contract, among other National Transport and Safety Authority (NTSA) requirements.

4.4 Possible solutions for enhancing labor laws and labor related regulations enforcement

The study investigated what could be done to enhance implementation of labour laws regulations in matatu sector. Table 4.9 below presents finding from data collected.

Table 4.9: Possible solution

Solution	Frequency
Stakeholders engagement in decision and policy making process	7
Centralize sector command center	9
Incorporate drivers in the comprehensive Insurance instead of personal accident cover	10
Audit Saccos on crews daily NHIF contributions per matatu	9
Poor working environment	6

Table 4.9 shows that failure of comprehensive insurance to cover the drive is an issue of concern among the sector drivers, cited by 10 of 41 respondents. Comprehensive insurance cover is mandatory only when the vehicle is purchased on loan. It is a requirement by the financial institutions (bank). Matatu owners argues that the cover is expensive and revert to a third party insurance cover. Matatu drivers are required by law to acquire personal accident cover. 8 of the respondents thought that stakeholder's involvement in policy making process would add value and

since they are participants then they would be willing to comply. However, 9 argued that too many sources of directives is the main cause of non-compliance of all the laws in the public transport sector. Poor working environment and lack of Sacco audit was cited by 6 and 9 respondents respectively. It was noted that matatu sector work environment is challenging and creates regulations compliance loopholes. To address these challenge, stakeholders' involvement is necessary in order to achieve an effective and efficient transport system.

CHAPTER FIVE: SUMMARY AND DISCUSSION

5.0 Introduction

The chapter presents the study findings summary and conclusions. The chapter also presents recommendations for future research on Public Transport in Kenya.

5.1 Study Summary

This study sought to examine Saccos' compliance with labor regulations in the public transport sector in Kenya. The study focused on registered Saccos operating along the Nairobi-Rongai route. These Saccos included; Orokise, Nkikan and Serian Saccos. The three Saccos have a total of 520 vehicles which comprise of 14, 32 and 49 seaters. The study was guided by the following objective; (i) to assess factors affecting Saccos in enforcing labour regulations, (ii) to highlight challenges facing Saccos in relation to compliance with labour regulations in the Matatu sector and (iii) to establish possible solutions for enhancing labor regulations enforcement in the matatu sector. The study used descriptive statistics to answer the study questions in relation to labor laws compliance in the transport sector. The study originally targeted one Sacco but expanded its scope to three Saccos due to the impact of Covid-19 pandemic. Both qualitative and quantitative data were collected. The study utilized telephone interviews to obtain information from the crew because of the Ministry of Health directive of social distance and movement restrictions. The study had targeted 80 respondents on one on one interview but reduced to 41 and were sourced from the Sacco offices. The study used the Statistical Package for Social Sciences (SPSS) for data analysis. Qualitative data were analysed through thematic content analysis.

Demographics characteristics analyzed included; age, gender and level of education. The male respondents were 32 which is 78.0% while female were 9 at 22.0%. This shows that men dominate

the matatu transport as crews as much as women are forging their way in. In Sacco management level, men still take the lead while women mainly work as assistants. Age is an important factor since it is an experience indicator. It is clear that the Saccos' have chosen to work with crews aged 30 -35 (26.8%) indicating that the young people are turning to Public Transport for employment. However, age in the three study Saccos does not entirely represent workers in the general public transport sector in Kenya. The study also noted that most of the respondents had achieved basic education as 46.3% had secondary education, 31.7% having primary education while 19.5% had post-secondary education and only 2.4% had no basic education. None of the respondents had achieved university education.

The first objective was to assess factors affecting Saccos in enforcing labour regulations.

The study found out that matatu business like other SMSEs have operational costs that matatu owners and Sacco officials sight as limiting the sector from realizing its full economic potential and its employability capacity. It also revealed that Saccos that have workers on term contract, have a higher employee's turnover as result of salary or wages deductions for failure to meet the daily set target and this causes unrest.

Finally, the study established that most matatu sector workers are in favour of daily wage compared to monthly wages, also that some Sacco and crew engage relievers for both the driver and conductors.

The second objective was to highlight challenges facing Saccos in relation to compliance with labor regulations in the Matatu sector.

The study found that matatu sector face labour and labor related laws challenges, which affect the operators and investors. The study focused challenges that hinder sector works from enjoying employee rights according to the Employment Act 2007 and as enshrined in the constitution Article 41 which ‘provides that every person has a right to fair labor practices’. Provision of social protect in regard to NHIF and NSSF in the sector is with few Saccos and mainly providing only NHIF. Finally, the study established that the sector workers, Sacco officials and matatu owners agree that matatu businesses cannot run without setting target even on term contracts. Most of the workers, especially the drivers and conductors, work between nine to fifteen hours in a day. Matatu workers (driver and conductor) starts operations at 4 am and closes business at 11pm (Opiyo, 2016). Long working hours can only be regulated by the Sacco since the business is dependent on passengers demand.

The third objective was to establish possible solutions for enhancement of labour regulations in the matatu sector.

The study established that formalization of the sector and improving working environment for the matatu workers calls for stakeholder’s joint efforts. The study found out that matatu workers, Sacco officials and owners blamed the government for not involving them in decision and policy making process on matters concerning the sector. The study finally established that the sector challenges are based on the sector workers attitudes because workers perceive that the sector formalization would oppress them and deny many of them a source of income.

5.2 Discussion

5.2.1 Factors influencing compliance with Labor laws in the public transport sector

The findings showed that matatu working environment is challenging and both the investors and workers have to learn adoptive tactics. For example, the larger amount of collected fare is used to cover operation cost and vehicle maintenance. Thus having term contracted workers would be a heavy burden on the matatu owners. It is assumed that matatu owners make a lot of money and therefore fail to comply with labour laws. (Macharia, 2017), argues that matatu owners set targets for crews to meet daily to enable them to meet the expenses tagged on running of the business. The study data showed that 60% of the respondents had concerns about the working conditions in the sector. Additionally, the study noted that only 35.5% of the workers were on term contract of service and had been issued with written contracts on employment. However, 90% of matatu workers worked past the ILO recommended 8 hours in a day with few minutes' of breaks offered. McCormick et al, (2015), states that matatu workers adopt to the sector by forming a 'culture' of copying mechanism often expressed in informal writings; for instance 'Hii kazi ni ngumu lipa bila fujo'.

The study also found out that matatu operators prefer daily payments and oppose term contracts. The sector workers are paid daily while others receive their wages on a weekly basis with only a small percentage being paid a monthly salary. The latter are employed on a term contract through the Sacco and may have written work contracts. The study also found out that for each matatu contributes Ksh 100 for Sacco management and Ksh 100 towards crew NHIF. Data collected revealed that despite each matatu contributing daily, Serian and Nkikan Sacco does not remit crews NHIF as required. Crews individually contributes to secure hospital needs for themselves and families thus the sector workers lean towards daily pay (Owaga, 2012). In regard to labor laws and

labor related laws, matatu owners who are self-employed as drivers and Sacco managers, complained that matatu business involves high cost of operation and maintenance. Therefore, they cannot employ workers on term contract and instead they set targets that crews are to meet daily and payment for police bribes among other business expenses (International Labor Organization, 2012).

5.2.2 Challenges affecting Labor Laws regulations compliance in the public transport sector

The Constitution of Kenya advocates for major rights at work, satisfactory pay from work, social protection security and workers representation (Omolo, 2012). Chapter four of the 2010 Constitution on the Bill of Rights provides various rights and basic freedoms. Article 36 awards each individual the right to freedom of affiliation. This, as indicated by the Constitution, incorporates the option to form, join or take part in the activities of associations of any sort, incorporating worker's organizations with the help of the public authority (Luchebeleli, 2009). The study found that the Matatu proprietors and drivers were continually concerned about operational costs; the police harassment, unscrupulous mechanics and garage attendants, expensive spare parts, fuel, etc.

Job creation and employment potential of the matatu sector is key. The sector employs directly and indirectly. To regulate and govern the sector, Kenya employs various labor laws and labor related laws that oversee the sector operations in the labor market. Chapter four of the Constitution, bill of right is key and it provide for various rights and principal freedoms while Article 36 provides for freedom of association. According to (Luchebeleli, 2009), Article 36 includes the option to form, join or take part in union's activities or strikes fighting for the workers' rights (Owidhi, 2016).

The study established that although the target system is a major contributor to the sector regulations non-compliance, all the 41 respondents' agreed that the sector cannot operate without it. This is because the matatu owners do not trust the operators while the drivers and conductors believe that if the matatu owner receives all the collected cash in a day, they may not pay them favorably thus they prefer the target system.

5.2.3 Possible solutions to address labor laws compliance in the public transport sector

The respondents observed that stakeholder's engagement is important and can ease policy implementation challenges in the public transport sector. Sector workers and investors (matatu owners) believe that their experience in the sector can contribute greatly in policy making. Improving capacity building and training among matatu workers to improve workers of understanding of regulations and knowledge their knowledge in regard to labour laws and related provision such as workers protection against exploitation by employers, job security provision and industrial relations (ILO, 2010). Finally, the study established that reforms follow up process is key to ensure projected results are achieved. Adopting practical implementation approaches in implementing labor laws vis-à-vis membership in the Saccos is necessary (ILO, 2019).

5.2.4 Lesson learnt

Public transport importance supersedes its challenges. It is a significant contributing factor to urban sustainability. Investing on crews training is important.

Continuous follow up and supervision of crews, protection from Traffic police harassment and provision of lawyers in case of arrest is necessary in enhancing compliance.

CHAPTER SIX CONCLUSION AND RECOMMENDATIONS

6.0 Conclusions

6.1 Factors influencing compliance with Labor laws in the public transport sector

Matatu sector being an informal economy contributes to jobs creation. However, the workers do not enjoy fundamental rights as workers. The international labour rights that includes; workers being issued with employment contracts, right to collective bargaining and freedom to joining workers unions or associations, and they are not always adhered to. In the past decade, NHIF and NSSF has reached out to the informal sector to increase enrolment. However, despite matatu sector workers joining the scheme, majority do not remit their contributions consistently as required. The fact that ILO and the national government has not put in place labour laws, the sector workers continues to face work place challenges.

6.2 Challenges affecting Labor Laws regulations compliance in the public transport sector

Continuous assessment of the working conditions of the matatu workers is lacking hence disadvantaging the workers.

6.3 Possible solutions to address labor laws compliance in the public transport sector

Training and empowering sector workers on their rights while on duty and strengthening of matatu associations through Central Organization of Trade Unions (COTU) by the national government would play a key role in transforming the matatu sector. Stakeholders' involvement in sector policy making process is necessary.

6.2 Study recommendations

6.2.1 Factors influencing Labor laws compliance in the public transport sector

The national government should put in place supervisory mechanisms to ensure the regulatory bodies mandated with labor laws implementation carry out their duties. The agencies should ensure that matatu workers are employed on permanent contracts with all its entitlement, i.e. social protection (NHIF & NSSF), fair monthly pay and freedom of association among other labour related laws in accordance with the Employment Act of 2007. Training of matatu workers should be given priority as well as efforts to formalize the sector.

6.2.2 Challenges affecting Labor Laws regulations compliance in the public transport sector

Regulations implementation and adherence in the informal sector in Kenya has been a challenge. Matatu sector is no exemption despite Kenya being an ILO member state. Therefore, training and capacity building of the sector workers on laws set in their favour is important. Stakeholders' involvement in policy making is key as well as putting in place implementation strategies that ensure enforcement of labour laws.

6.2.3 Possible solutions to address labor laws compliance in the public transport sector

In regard to labor laws compliance solutions, the study recommends formation of supervisory mechanism for monitoring implementation and evaluation of laws in the sector. This way ILO would realize its goals of safeguarding workers.

6.3 Recommendation for further study

The study recommends other studies to be conducted focusing on enforcement of regulations to address regulations compliance loopholes in the matatu sector.

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APPENDICES

Appendix 1: QUESTIONNAIRE

Hi, my name is Jane Wandere from the University of Nairobi's Institute for Development Studies.

I am conducting a research on Public transport **Saccos' compliance with labour regulations in**

Kenya: A case of Nairobi Rongai matatus. I'd like to request for a few minutes of your time to

answer interview questions. Your response will be highly confidential and will only be used for

research purposes.

Please fill the information as necessary or tick [] where appropriate.

SECTION A: Demographic Information

1. What is the name of the Sacco you work with?

2	Gender	Male	()
		Female	()
3	Age	18-24	()
		25-29	()
		30-35	()
		36-40	()
		41-45	()
		45 and above	()
4	Level of education	None	()
		Primary School	()
		Secondary School	()
		Post-Secondary Training	()
		College Diploma	()
		University	()

5. Which year was this Sacco Formed?

2000 - 2003

2004 - 2007

2008 - 2011

2012 – 2015

6. What is the estimate Sacco membership (number of vehicles)?

50 - 100

101 - 250

251 – 300

More than 300

SECTION B: Factors influencing Labour laws compliance in the public transport sector

Please tick [√] where fitting;

7. Written employment contracts are issued to the matatu operators:

Agree []

Disagree []

Neutral []

8. Saccos are workers record and identification custodian;

Agree []

Disagree []

Neutral []

9. There are cartels controlling the sector operations;

Agree []

Disagree []

Neutral []

10. Matatu drivers work more than 9 hours in a day:

Agree []

Disagree []

Neutral []

11. Matatu operators prefer daily wage instead of monthly wage:

Agree []

Disagree []

Neutral

12. Drivers have insurance cover other than NHIF cover:

Agree

Disagree

Neutral

SECTION C: Challenges affecting Labour Laws regulations compliance in the public transport sector

Please tick [] where fitting;

13. Matatu sector workers have NHIF cards:

Agree

Disagree

Neutral

14. Matatu Sacco's remit social protection statutory deductions (NHIF, NSSF) monthly;

Agree

Disagree

Neutral

15. Matatu sector workers have NSSF cards:

Agree

Disagree

Neutral

16. Matatu workers take annual paid leave:

Agree

Disagree

Neutral

17. Matatu workers are compensated for Work place Injuries:

Agree

Disagree

Neutral

18. All matatu worker are recruited and registered with a Sacco:

Agree

Disagree []
Neutral []

SECTION D: Challenges affecting Labour Laws regulations compliance in the public transport sector

Please tick [√] where fitting;

19. Matatu sector has centralized command center;

Agree []
Disagree []
Neutral []

20. There is presence of police harassment and soliciting for bribe;

Agree []
Disagree []
Neutral []

21. Matatu owners set unrealistic daily targets

Agree []
Disagree []
Neutral []

22. Saccos have invested on workers empowerment, training and capacity

Agree []
Disagree []
Neutral []

23. Matatu Saccos are audited and official appointed yearly;

Agree []
Disagree []
Neutral []

SECTION E: Possible solutions to address labour laws compliance in the public transport sector

Please tick [] where appropriate;

24. ILO and Local government has in place regulations follow up mechanisms;

Agree []

Disagree []

Neutral []

25. The sector stakeholders are actively involved in policy formulation and implementation;

Agree []

Disagree []

Neutral []

26. Saccos invest in sector workers empowerment, training and capacity building:

Agree []

Disagree []

Neutral []

27. Centralized Public transport command center;

Agree []

Disagree []

Neutral []

28. Written contract mandatory for employment:

Agree []

Disagree []

Neutral []

I SALUTE YOUR SUPPORT IN THIS STUDY PROJECT

APPENDIX II: RESEARCH PERMIT



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 387344

Date of Issue: 08/March/2020

RESEARCH LICENSE

This is to Certify that Ms. JANE Wairimu WANDERE of University of Nairobi, has been licensed to conduct research in Nairobi on the topic: **PUBLIC TRANSPORT SACCOs COMPLIANCE WITH LABOUR REGULATIONS: A CASE OF NAIROBI – RONGAI MATATUs** for the period ending: 08/March/2021.

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